

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID

UNCLAS STATE 149161

E.O. N/A

TAGS: APUB, SP

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO AVIACION Y COMERCIO,
S.A. (AVIACO)

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDIT OF \$4,918,485 TO AVIACION
Y COMERCIO, S.A. (AVIACO). RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, JULY 1, 1975.

QUOTE: EXIMBANK CREDIT OF \$4,918,485 WILL HELP FINANCE \$12,296,214
SALE OF U.S. JET AIRCRAFT TO SPANISH AIRLINE

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF \$4,918,485 TO HELP FINANCE
A \$12,296 214 SALE OF TWO DC-9-30 JETS AND SPARE PARTS TO BE
PURCHASED BY AVIACION Y COMERCIO, S.A. (AVIACO) OF MADRID, SPAIN.

THE AIRCRAFT ARE SCHEDULED FOR DELIVERY BY THE MCDONNELL DOUGLAS
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CORPORATION, IN JULY AND SEPTEMBER 1975. THEY WILL BE USED ON

SCHEDULED ROUTES IN SPAIN AND NORTH AFRICA AND FOR CHARTER OPERATIONS BETWEEN SPAIN AND OTHER POINTS IN EUROPE. MR. CASEY POINTED OUT THAT DOMESTIC SALES OF AIRCRAFT HAVE DECLINED AND AMERICAN MANUFACTURERS ARE IN NEED OF EXPORT MARKETS TO MAINTAIN PRODUCTION AND EMPLOYMENT. IT IS ALSO EXPECTED THAT EXIMBANK'S SUPPORT IN THIS TRANSACTION WILL GENERATE ADDITIONAL PURCHASES BY AVIACO FROM MCDONNELL DOUGLAS IN THE COMING YEARS.

THE EXIMBANK CREDIT REPRESENTS 40 PCT OF THE TOTAL U.S. SALE. A CREDIT OF \$6,148,107 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 50 PCT AND AVIACO WILL MAKE CASH PAYMENT OF 10 PCT REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PCT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO AVIACO OF FROM 8.17 PCT TO 8.42 PCT.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 5, 1976. EXIMBANK'S CREDIT WILL BE REPAID OUT OF A PORTION OF THE 12TH INSTALLMENT AND ALL OF INSTALLMENTS 13 THROUGH 20. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY INSTITUTO NACIONAL DE INDUSTRIA. UNQUOTE

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